

Message Text

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ACTION COME-00

INFO OCT-01 EA-06 ISO-00 AGR-05 CEA-01 CIAE-00 DODE-00

EB-07 FRB-01 H-01 INR-05 INT-05 L-02 LAB-01 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 SWF-01

FEA-01 NSCE-00 SAM-01 /078 W
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R 290827Z NOV 74

FM USLO PEKING

TO SECSTATE WASHDC 2896

INFO AMCONSUL HONG KING

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E O 11652: N/A

TAGS: ETRD, US, CH

SUBJECT: ESTIMATE US-CHINA TRADE 1974 AND 1975

REF: (A) STATE 262177; (B) PEKING 2073

1. AS WE HAVE LEARNED THIS YEAR, IT IS NOT EASY TO PREDICT SINO-US TRADE OVER A 12-MONTH PERIOD. HOWEVER, WE BELIEVE THE \$600-700 MILLION ESTIMATE FOR 1975 GIVEN IN REF A. IS AS GOOD A PROJECTION AS CAN BE DEVELOPED AT THIS TIME. WE ARE A BIT MORE BEARISH ON THE US IMPORT SIDE (SEE REF B), BUT CONCEDE THAT IMPORTS FROM CHINA THIS YEAR ARE EXCEEDING EXPECTATIONS, AND IN VIEW OF SIZEABLE US PURCHASES AT THE RECENT CANTON FAIR IT IS POSSIBLE THAT THE LEVEL COULD REACH \$160 MILLION IN 1975.

2. AT SUCH TIME THAT THESE ESTIMATES ARE MADE PUBLIC, THE DEPARTMENT MIGHT WISH TO NOTE THAT MUCH OF SINO-US TRADE IS IN COMMODITIES, AND THAT UNFORESEEN CHANGES

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OF SIGNIFICANT MAGNITUDE CAN ALWAYS OCCUR, AS THEY DID

THIS YEAR. FOR EXAMPLE, SERIOUS SHORTFALLS IN CHINA'S GRAIN CROP, NOT FORESEEN AT THE PRESENT TIME, COULD LEAD TO MAJOR NEW ORDERS FOR US WHEAT. ON THE OTHER HAND VERY GOOD CROPS MIGHT CONCEIVABLY LEAD TO FURTHER POSTPONEMENTS OR CANCELLATIONS. ON THE US IMPORT SIDE, LARGE ORDERS FOR METALS (TIN AND TUNGSTEN) WERE PLACED AT THE RECENT CANTON FAIR WITH THE US AS THE INTENDED DESTINATION. IT IS POSSIBLE, HOWEVER, THAT WORLD MARKET AND US DOMESTIC INVENTORY CONDITIONS AT TIME OF DELIVERY COULD LEAD THE BUYERS TO DIVERT THOSE SHIPMENTS TO NON-US DESTINATIONS.

3. THE PROJECTIONS IN REF A FOR 1974 APPEAR VERY REASON-
ABLE TO US.
BUSH

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